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ABSTRACT

This report presents information on the Aid to Families with Dependent Children (AFDC) program in light of efforts at welfare reform. Following a listing of whom to call at the Children's Defense Fund (CDF) regarding various welfare issues, the report's first section, "Basic Facts on Welfare," presents information on the AFDC in a question-and-answer format. The next section, "State-by-State Fact Sheets on Welfare Reform," presents data collected by the United States Department of Health and Human Services on the AFDC. The third section discusses why Safety Net Entitlements must not be converted into block grants and is followed by a section that discusses the Personal Responsibility Act. The fifth section presents charts on major welfare bills and is followed by an analysis of the differences between major reform bills. The sixth section provides a discussion of child poverty--"The Costs of Child Poverty: Key Findings from Wasting America's Future." The report is concluded by a discussion of CDF's long-term vision for welfare, emphasizing the following areas: employment opportunities, child care, education and training, job retention, health coverage, child support, family integrity, and work incentives. (MOK)

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WELFARE REFORM BRIEFING BOOK

Children's Defense Fund

CHILDREN'S DEFENSE FUND
January, 1995

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Who To Call

at CDF

on Welfare Issues

WHO AT CDF TO CALL ON WELFARE ISSUES
(All are 202 area code)

General welfare reform	David Kass (662-3556) Deborah Weinstein (662-3565)
Child care	Helen Blank (662-3547) Nancy Ebb (662-3539)
Child support	Nancy Ebb (662-3539)
Child welfare	MaryLee Allen (662-3573)
Child poverty	Arloc Sherman (662-3537) Deborah Weinstein (662-3565)
Government Affairs	Eileen Sweeney (662-3586) Patricia Branch (662-3587) Jon Aravosis (662-3601)

Basic Facts

on

Welfare

BASIC FACTS ON WELFARE

Children's Defense Fund

WHAT IS WELFARE?

When most people talk about welfare, they mean the Aid to Families with Dependent Children (AFDC) program which began in 1935 as part of the Social Security Act.

WHO RECEIVES AFDC?

Most AFDC recipients are children: federal statistics show that two-thirds of the recipients in 1992 were children. Only families with children qualify for AFDC -- single adults and childless couples do not qualify, and eligibility restrictions also make it difficult for married-couple families with children to qualify. Eight percent of all AFDC families are headed by teens; the vast majority (81 percent) are young families headed by mothers in their twenties and thirties.

HOW MANY PEOPLE RECEIVE AFDC?

Nine and a half million children received cash assistance from AFDC in the average month in 1993. Five million families, including a total of 14 million Americans of all ages, received AFDC in the same period.

HOW MANY CHILDREN DO AFDC FAMILIES HAVE?

According to government data, the average family receiving AFDC has two children -- about the same as the typical non-welfare family. In fact, 73 percent of families receiving AFDC in 1992 had only one or two children. The average number of children in an AFDC family has actually dropped 33 percent since 1970.

ARE AFDC FAMILIES MOSTLY WHITE OR BLACK?

Recipient families are about as likely to be White as Black. In 1992, 39 percent of the families were non-Hispanic White, 37 percent non-Hispanic Black, and 18 percent Hispanic.

HOW MUCH DOES AFDC COST THE GOVERNMENT?

AFDC is funded by both the federal and state governments and administered by the states. AFDC payment programs cost federal and state governments $22 billion in 1992, about half coming from the federal government and the rest from the states. The federal share is about one percent of the federal budget and the states' share about two percent of states' budgets.

HOW MUCH DO AFDC FAMILIES RECEIVE EACH MONTH?

The maximum cash grant for a mother and two children in the typical state is $366 per month, although each state sets its own level (Mississippi, the least generous state, provides $120 per month). The $366 monthly grant totals $4,392 per year, far below the federal poverty line of $11,521. Even combined with food stamps, the maximum total benefit in the typical state is only 69 percent of the poverty line. And only one-fourth of AFDC households receive any government housing assistance.

ARE AFDC BENEFITS INCREASING?

No. AFDC benefits have been falling for the last two decades. Unlike Social Security, AFDC benefits are not adjusted each year to keep pace with the rising cost of living. As a result, inflation-adjusted AFDC benefits have decreased by 47 percent since 1970, according to the House Ways and Means Committee.

HOW LONG DO FAMILIES RECEIVE AFDC?

Seventy percent of all people entering the welfare system leave AFDC within two years and 50 percent within one year. Only 12 percent stay on more than five years. A substantial number of those who leave later return to AFDC -- often after jobs or child care fall through -- but welfare as a way of life is not the reality for most recipients.

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State-by-State Fact Sheets

on

Welfare Reform

TABLE 1. MOST AFDC RECIPIENTS ARE CHILDREN

Percentage of AFDC recipients who are children, FY 1992

Children's Defense Fund

	Children as % of all recipients
United States (median)	67.7%
Alabama	71.0
Alaska	63.3
Arizona	69.8
Arkansas	71.1
California	69.4
Colorado	66.6
Connecticut	66.9
Delaware	67.5
District of Columbia	70.3
Florida	69.3
Georgia	69.1
Hawaii	66.9
Idaho	67.5
Illinois	68.6
Indiana	66.7
Iowa	65.3
Kansas	67.0
Kentucky	64.1
Louisiana	71.4
Maine	62.1
Maryland	67.4
Massachusetts	67.1
Michigan	65.4
Minnesota	65.2
Mississippi	72.0
Missouri	65.5
Montana	64.3
Nebraska	67.6
Nevada	69.3
New Hampshire	63.3
New Jersey	68.3
New Mexico	64.9
New York	66.5
North Carolina	66.8
North Dakota	65.0
Ohio	65.3
Oklahoma	68.2
Oregon	65.6
Pennsylvania	66.8
Rhode Island	65.5
South Carolina	71.3
South Dakota	70.6
Tennessee	67.5
Texas	69.7
Utah	66.6
Vermont	61.0
Virginia	68.5
Washington	64.3
West Virginia	61.9
Wisconsin	67.5
Wyoming	66.7

Source: U.S. Department of Health and Human Services, Administration for Children and Families, *Characteristics and Financial Circumstances of AFDC Recipients, FY 1992.* Calculations by CDF.

TABLE 2. AFDC BENEFITS IN ALL STATES ARE FAR BELOW THE POVERTY LINE

Maximum monthly AFDC benefit level for a family of three (January 1994)

	Maximum monthly AFDC grant	AFDC as a % of 1994 federal poverty line
United States (median)	$366	38%
Alabama	164	17
Alaska	923	77
Arizona	347	36
Arkansas	204	21
California	607	63
Colorado	356	37
Connecticut	680	71
Delaware	338	35
District of Columbia	420	44
Florida	303	32
Georgia	280	29
Hawaii	712	65
Idaho	317	33
Illinois	367	38
Indiana	288	30
Iowa	426	44
Kansas	429	45
Kentucky	228	24
Louisiana	190	20
Maine	418	44
Maryland	366	38
Massachusetts	579	60
Michigan (Wayne County)	459	48
Minnesota	532	55
Mississippi	120	13
Missouri	292	30
Montana	401	42
Nebraska	364	38
Nevada	348	36
New Hampshire	550	57
New Jersey	424	44
New Mexico	357	37
New York (New York City)	577	60
North Carolina	272	28
North Dakota	409	43
Ohio	341	36
Oklahoma	324	34
Oregon	460	48
Pennsylvania	421	44
Rhode Island	554	58
South Carolina	200	21
South Dakota	417	43
Tennessee	185	19
Texas	184	19
Utah	414	43
Vermont	638	67
Virginia	354	37
Washington	546	57
West Virginia	249	26
Wisconsin	517	54
Wyoming	360	38

Source: U.S. House of Representatives, Committee on Ways and Means, *1994 Green Book*.

TABLE 3. AFDC BENEFITS HAVE DROPPED DRAMATICALLY SINCE 1970

Decline in AFDC maximum monthly benefit for a family of three, after adjusting for inflation, 1970 to 1994

	Percent change 1970-1994
United States (median)	-47%
Alabama	-33
Alaska	-25
Arizona	-33
Arkansas	-39
California	-13
Colorado	-51
Connecticut	-36
Delaware	-44
District of Columbia	-43
Florida	-29
Georgia	-30
Hawaii	-16
Idaho	-60
Illinois	-58
Indiana	-36
Iowa	-43
Kansas	-48
Kentucky	-59
Louisiana	-42
Maine	-17
Maryland	-40
Massachusetts	-42
Michigan (Wayne County)	-44
Minnesota	-45
Mississippi	-43
Missouri	-25
Montana	-47
Nebraska	-43
Nevada	-23
New Hampshire	-44
New Jersey	-63
New Mexico	-36
New York (New York City)	-45
North Carolina	-50
North Dakota	-49
Ohio	-44
Oklahoma	-43
Oregon	-33
Pennsylvania	-58
Rhode Island	-35
South Carolina	-37
South Dakota	-58
Tennessee	-56
Texas	-67
Utah	-37
Vermont	-36
Virginia	-58
Washington	-44
West Virginia	-42
Wisconsin	-25
Wyoming	-55

Source: U.S. House of Representatives, Committee on Ways and Means, *1994 Green Book*.

TABLE 4. THE VAST MAJORITY OF AFDC FAMILIES HAVE ONLY ONE OR TWO CHILDREN

Percentage of AFDC families with only one or two children, FY 1992.

	One or Two Children
United States (median)	72.7%
Alabama	74.2
Alaska	79.7
Arizona	70.8
Arkansas	74.5
California	71.4
Colorado	70.6
Connecticut	75.9
Delaware	75.3
District of Columbia	74.4
Florida	72.2
Georgia	73.3
Hawaii	66.0
Idaho	75.4
Illinois	69.9
Indiana	75.3
Iowa	77.2
Kansas	70.2
Kentucky	80.8
Louisiana	67.5
Maine	78.3
Maryland	76.5
Massachusetts	76.0
Michigan	73.8
Minnesota	72.6
Mississippi	69.2
Missouri	74.3
Montana	76.8
Nebraska	70.7
Nevada	72.0
New Hampshire	83.6
New Jersey	74.7
New Mexico	69.9
New York	70.4
North Carolina	79.5
North Dakota	78.0
Ohio	72.2
Oklahoma	72.7
Oregon	76.5
Pennsylvania	72.1
Rhode Island	73.2
South Carolina	71.0
South Dakota	76.7
Tennessee	75.4
Texas	71.9
Utah	71.8
Vermont	79.3
Virginia	77.6
Washington	74.6
West Virginia	76.5
Wisconsin	68.2
Wyoming	77.3

Source: U.S. Department of Health and Human Services, Administration for Children and Families, *Characteristics and Financial Circumstances of AFDC Recipients, FY 1992.* Calculations by CDF.

Why Safety Net Entitlements Must Not Be Converted Into Block Grants

Children's Defense Fund

Why Safety Net Entitlements Must Not Be Converted Into Block Grants - Summary

Transforming certain key means-tested "entitlement" programs (food stamps, school lunches and other child nutrition programs, Medicaid, AFDC, and Foster Care and Adoption Assistance, among others) into block grants would do incalculable damage to America's children and families, states' finances, and the nation's future.

These entitlement programs exist to make sure that eligible children are served; that emergencies can be responded to flexibly; and that the nation fulfills its commitment to children and families facing hard times. They are ill-suited to treatment as block grants:

1) **If safety net programs are funded as block grants, children and states will suffer when recessions or emergencies create increased demand for services or assistance.** States will have to choose whether to turn away tens of thousands of needy applicants, many of them children, or to dramatically reduce benefits for everyone, or to pay billions of dollars for the rapid growth of the program out of their own declining revenues. Recessions could be prolonged and deepened in individual states.

2) **The block grant proposals would dismantle programs that have proven records of success in helping reduce hunger, malnutrition, infant mortality and ill health among children and that were made into federal guarantees because children suffered when the federal government provided funds but no leadership or standards.**

3) **Without assurance that all who meet the standards in the law will obtain the benefits of the program, there will be long waiting lists for equally needy families when funds run out.** Even successful and popular programs like Head Start and WIC, while not entitlements, are typically so squeezed for funds that they only serve one half or fewer of eligible children and have long waiting lists.

4) **History shows that block grants tend to shrink over time, since Congressional interest in them wanes.** From 1982 to 1995, for example, the Community Services, Title XX Social Services, Preventive Health, and Chapter II Education block grants shrank 49%, 28%, 7%, and 53%, respectively, in inflation-adjusted dollars.

5) **While states need more discretion in a variety of areas and programs, certain basic needs of children should be met in every state and every community. Children in this nation should not be penalized based on where they live.**

6) **While most states will act responsibly, not all will at all times.** Some states, for example, in the past have denied aid on the basis of race or national origin; others have denied aid in recent times to working poor families or two-parent families or have erected huge barriers to child support enforcement services for children born out of wedlock.

7) **Investments in children often have payoffs that, because they are long-term, help the nation more than they help individual states, and therefore are harder to get states to make.**

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Why Safety Net Entitlements Must Not Be Converted Into Block Grants

A number of proposals are being circulated that would transform key means-tested "entitlement" programs (food stamps, school lunches and other child nutrition programs, Medicaid, AFDC, and Foster Care and Adoption Assistance, among others) into block grants. **Such a transformation of these key safety net programs would do incalculable damage to America's children and families, states' finances, and the nation's future.**

These programs exist to make sure that eligible needy children are served; that emergencies can be responded to flexibly; and that the nation fulfills its commitment to children and families facing hard times. They are ill-suited to treatment as block grants.

Some of the proposals to consolidate groups of federal <u>discretionary</u> spending programs, if carefully crafted, could improve services for Americans and make government more efficient. **But block grants must not be used as a means to unravel the safety net for a number of fundamental reasons:**

1) **If safety net programs are funded as block grants, children and states will suffer when recessions or emergencies create increased demand for services or assistance.** The structure of the existing programs allows elasticity. The needs-based programs grow when need grows, as in recessions or after natural disasters like floods and earthquakes. Program participation then declines when need abates. If such programs are converted into block grants with capped funds, this stabilizing effect will be abandoned and states will have impossible choices during recessions and other emergencies: they will have to choose whether to turn away tens of thousands of needy applicants, many of them children, or to dramatically reduce benefits for everyone, or to pay for the rapid growth of the program out of their own declining revenues. Recessions could be prolonged and deepened in individual states, and therefore in the nation as a whole. Federal allocations would be misdirected -- states hard hit by recession would get no more funds while states with vibrant economies would get no less. Creating a block grant does not do away with the needs of children and families; it just leaves states with impossible choices in hard times.

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2) **The block grant proposals would dismantle programs that have proven records of success in helping children and that were made into federal guarantees because children suffered when the federal government provided funds but no leadership.** The Food Stamp program, which has reduced hunger and malnutrition for millions of children, is one example of why federal leadership is essential. In the late 1960s, doctors working with HEW's "Ten State Nutrition Survey" found that low income children in some parts of the country were suffering from nutritional deficiency diseases at rates comparable to children in underdeveloped countries. At that time, states were left to set their own income eligibility and benefit levels for food stamps, even though the program was 100% federally funded. Many states set very low limits, and some of the poorest counties in the nation declined to operate a program at all. The findings about child hunger shocked the nation, and led President Nixon to institute national food stamp standards. When doctors returned ten years later to the areas they had studied, they found hunger and malnutrition had been reduced dramatically, with the Food Stamp program a major reason for this progress. A block grant that abdicates federal leadership ignores these important lessons. And, if states failed to meet the need when the federal government footed the entire bill, the pressure to slash benefits for children would be even worse under a block grant that reduced federal funding and left states to pick up the slack.

3) **Without assurance that all who meet the standards in the law will obtain the benefits offered, there will be long waiting lists for equally needy families when funds run out.** The safety net programs promise that children can get subsistence benefits so long as they meet stringent legislatively-defined tests. Block grant proposals would do away with this commitment, giving states little choice but to turn children away without help when fixed funds run out, even though the children meet all the stringent standards for help and would have been helped the week or month before. Waiting lists are standard for low-income children's programs that are not entitlements. Even successful and popular programs like Head Start and WIC are typically so squeezed for funds that they only serve one half or fewer of the eligible children. The specter of long waiting lists for help with food, shelter or health care is not mere speculation; indeed, one central provision of the AFDC and Medicaid laws -- that aid shall be furnished "with reasonable promptness to all eligible individuals" -- was enacted precisely because many states used to have such waiting lists for subsistence benefits. Especially in programs for the nation's neediest children, people who meet program rules should not be denied help because they applied too late in the year after money ran out, or live in the wrong state or county, or face some other arbitrary barrier unrelated to their need or the program's purposes.

4) **History shows that federal block grants tend to shrink over time.** Whether because their purposes become diluted, or because it is hard to sustain federal funds for a program in which states make all the decisions, block grants tend to shrink. From 1982 to 1995, for example, the Community Services, Title XX Social Services, Preventive Health, and Chapter II Education block grants shrank 49%, 28%, 7% and 53%, respectively, in inflation-adjusted dollars. Similar shrinkage in the decade ahead in safety net entitlement programs would mean millions of children without food,

clothing, shelter and health care, or tens of billions of dollars of costs shifted to the states, or both.

5) **While states need more discretion in a variety of areas and programs, certain basic needs of children should be met in every state and every community. Children in this nation should not be penalized based on where they live.** We are one nation with a common commitment to humane treatment of each other. Just as we have made and kept national promises to provide basic help to the elderly and veterans, we should keep our national promise to children. Whether a child's most basic subsistence or health needs are met must not depend on the state of her residence or the month of her destitution. Making sure that children are healthy and not hungry and not abused or neglected must be as much a national priority in Mississippi as in Minnesota, in New Mexico as in New York. When the federal government is providing one half or more of the funds, moreover, there is additional reason that states should be held accountable to these national commitments.

6) **While most states will act responsibly, not all will at all times.** Before federal standards were applied, state and local governments often denied aid to poor families because they were black or had Eastern European origins. While such denials would be far less common today, other forms of arbitrary decision-making persist, denying aid to penniless families and leaving children hungry, homeless, and without health care. When states had the option to extend Medicaid to children in working poor families as well as in welfare families, only about one third did so. And even though all evidence shows that denying AFDC to two-parent families fosters family dissolution (as well as leaving the children with no safety net benefits), half of the states had no two-parent AFDC program before Congress acted in 1988 to require it. Another example is child support enforcement: until federal standards took effect, many states did not allow children born out of wedlock to pursue support from their fathers, or put other major roadblocks in the way of child support enforcement.

7) **Investments in children often have payoffs that, because they are long-term, help the nation more than they help individual states, and therefore are harder to get states to make.** There are important pay-offs from preventive health care, sound nutrition, and services that strengthen families and protect children. But in fiscal terms, some of the savings are reaped 5, 10 and 20 years after the initial investment. States know that huge numbers of families move out of their jurisdictions over such a 5, 10 or 20 year period, reducing significantly the return to the states of their investment. It is the nation that gains the most from and must make the commitment to the investment. It is also the nation that loses the most if these investments are not made at adequate levels and to all children in need.

Analysis of the

"Personal Responsibility Act"

(H.R.4)

Children's Defense Fund

REPUBLICAN "CONTRACT WITH AMERICA" WELFARE BILL - SUMMARY

The "Personal Responsibility Act" (H.R. 4), the welfare reform proposal contained in the "Contract with America," would cut or eliminate basic income support for millions of desperately poor children and their families. If the proposal were in full force today, at least five million children -- more than half the AFDC caseload -- would lose all cash assistance. The most devastating provisions for children and families include:

- The bill would abolish the entitlement status of essential programs that protect poor children from hunger and homelessness. This radical and destructive proposal would deny states the necessary funds in times of recession to keep children out of destitution. Cuts would total $59 billion from 1996 to 1999, including elimination of the safety net for almost all legal immigrants and dramatic cuts in federal nutrition programs. By 1999, the total cuts would be almost three times those imposed on the same programs by the budget cuts in 1981 and 1982.

- States would be allowed to eliminate all cash benefits to families who have received aid for two years and **permanently** bar such families from any future aid if the parent had participated in the work program for at least one year. After five years, states would be required to terminate permanently the family from cash assistance. In both cases, children and families would be left without any cash help or a public service job even when the parent was willing to work but unable to find unsubsidized employment.

- States would be required to deny AFDC permanently to families where the children were born after the bill's passage to unmarried mothers younger than 18. States would also have the option to deny assistance to children born to unmarried mothers younger than 21.

- States could take savings generated by denying assistance to unmarried teens and build orphanages for children or group homes for teen parents rendered destitute by such policies.

- All children applying for AFDC who have not established paternity would be ineligible even when the mother fully cooperates but the state child support agency cannot establish paternity. This provision would deny assistance to one out of every four children applying for AFDC. Funding for child support enforcement would also be capped, so this already overwhelmed system would be even less able to help children establish paternity and obtain child support or become eligible for AFDC.

- In addition to these welfare proposals, the "Contract with America" also contains a proposal for a constitutional amendment requiring a balanced federal budget. This amendment likely would force enormous reductions in federal expenditures, including investments in a broad range of programs designed to meet the needs of poor children and their families.

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ANALYSIS OF THE "PERSONAL RESPONSIBILITY ACT" (H.R.4) THE WELFARE REFORM PROPOSAL IN THE "CONTRACT WITH AMERICA"

(Introduced January 4, 1995)

Entitlements

- Contract Proposal: The bill would abolish the entitlement status of essential programs that protect poor children from hunger and homelessness. The bill would cap expenditures for programs protecting poor children, including Aid to Families with Dependent Children (AFDC), child care for AFDC families in education or training (and former welfare families who leave the rolls to take jobs), SSI, the child support enforcement program, the At-Risk Child Care program,[1] and the new workfare program for AFDC recipients.

  Analysis: This radical and destructive proposal would deny states the necessary funds in times of recession to keep children out of destitution. If states ran out of money near the end of the year, poor children would be given no assistance to prevent hunger and homelessness. From 1996 to 1999, the bill would cut programs for poor children and families by a total of $59 billion. By 1999, the total cuts would be almost three times those imposed on the same programs by the budget cuts in 1981 and 1982. And the cuts might be even worse if a balanced budget amendment were in place.

  The expenditure cap governing these programs would be set at a level well below the overall cost of these programs under current law. The cuts required to remain within the cap would increase over time since several of these programs are projected to grow faster than allowed under this cap.[2] As demands increase, vital programs like child care, child support, and welfare would have to compete with other essential services like help for the disabled for their share of diminished federal funding.

Time Limits

- Contract Proposal: States could **permanently** terminate all cash assistance to families who have received AFDC for a total of two years. States would have to offer an AFDC parent a one year work placement before terminating the family, but would not be required to provide a public service job after two years.

  Analysis: For millions of children and families, such an approach would eliminate the safety net of cash assistance or work even when parents "play by the rules" but are not able to

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[1]This program subsidizes child care for low-income working families at risk of going onto the AFDC rolls if they cannot secure affordable child care.

[2]For example, because of the aging of the population, SSI expenditures are expected to grow faster than the inflation rate and population growth. In addition, expenditures for the new workfare program would have to grow rapidly in coming years for that program to meet the state participation standards set in the legislation. Child care expenses for families required to participate in workfare would also skyrocket. Thus, the cuts made in this group of programs would grow in magnitude as the years passed in order to prevent the cost of the programs from breaching the cap.

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find jobs. A balance must be struck between moving parents from welfare to work and protecting children from destitution; if enacted, this proposal would lead to greater homelessness, family dissolution, and deprivation in communities throughout the nation.

- Contract Proposal: After five cumulative years of AFDC, states would be ***required*** to terminate ***permanently*** both the family's cash assistance and work placement even when the parent was willing to work but unable to find a non-subsidized job. This complete cut-off would be imposed even for recipients who never participated in the work program or received any education or training while receiving AFDC. Families who were cut off would continue to be eligible for Medicaid.

  Analysis: Many AFDC families go off and on welfare over the years, often working for months or years before needing assistance again. Many have low skills or limited education, and leave AFDC for low-wage jobs that are often part-time, part-year, or tenuous at best. Forty-eight percent of all families currently on AFDC have received 60 months of welfare benefits, often accumulated in several shorter stays. All of these families would lose any chance of additional help, despite their best efforts to work. Consider this example:

  > *A mother with two school-age children exhausted her time on AFDC when her children were infants. Since then she has worked steadily in a small retail store for the past eight years, scraping by on an income far below poverty but just above the AFDC level. Her employer announces he is closing up shop and gives her a week of severance pay while she looks for a new job. After three weeks, she is desperate: she has no money and no immediate job prospects despite innumerable inquiries. She is told that because she exhausted her lifetime limit early in her life she is not eligible for AFDC. She can't pay the rent and fears she will lose her children if she is evicted from their apartment.*

- Contract Proposal: There would be no extensions to or exemptions from the lifetime limits on AFDC eligibility.

  Analysis: Parents caring full-time for a child or other family member with disabilities would be denied aid once they reached the time limit. Even a parent who is temporarily disabled several months before the time limit -- for example, someone who had a serious illness or broke her leg -- would not receive an extension. Lack of prior education, training, or child care assistance also would not waive the time limit. One in five mothers on AFDC have at least a temporary disability; another eight percent are caring for a disabled child.

Out-of-Wedlock Childbearing

- Contract Proposal: States would be required to deny AFDC permanently for children born after the bill's effective date to unmarried mothers younger than 18.[3] States would have the option to extend this policy to children born to unmarried mothers younger than 21.[4]

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[3]Unless the mother married the natural father or had her child adopted by a stepfather.

[4]A mother who had a child out-of-wedlock before the new law but applied for AFDC after the new law would still be eligible for assistance.

Analysis: Children born to young unmarried women would remain permanently ineligible. The proposal acknowledges that this provision will lead to the break-up of families by allowing funds "saved" by denying benefits to be used for the creation of orphanages or group homes. Teen pregnancy is a significant problem, but no serious analyst believes that this draconian policy will totally eliminate it. The vast majority of teen births will still occur, and the babies will be subjected to even worse poverty. Hopelessness, weak academic skills, and poverty are the key factors fueling too-early pregnancy and childbearing, not the availability or amount of welfare benefits. The solution, therefore, must focus on pregnancy prevention, including efforts to expand the life options of poor teenagers and increase their access to essential health services.

Under this extreme proposal, children would be without any assistance even when the father was no longer alive or his whereabouts unknown, or the child's best interests were not served by parents living together. Threatening the family with total destitution unless the mother finds a man who will marry her and adopt her children will not benefit the child or the family.

- **Contract Proposal:** The money "saved" by abolishing aid to young parents would be returned to states as a block grant to "establish and operate" orphanages or group homes, to promote adoption, to fund prevention programs, or for any related purposes the states deem appropriate.

Analysis: Breaking up families simply because they are poor -- not because parents are abusive or neglectful -- would be tragic, expensive, and counterproductive. We know that children need families and that the bonds between parents and children must be preserved whenever possible. The foster care system already is overwhelmed by the demands of serving more than 460,000 children nationwide. Group homes and institutional care are now reserved for very troubled children, and in many communities there aren't enough to meet this need. We simply do not have facilities for children "orphaned" by this proposal. These new orphanages would be extraordinarily expensive to create and operate, costing taxpayers as much as $36,500 or more per child each year.

- **Contract Proposal:** Children applying for AFDC after the bill takes effect would be denied assistance when paternity is not established. The only exception would be in cases of rape or incest or where the state determines that establishing paternity would result in physical danger to the mother. This provision would deny assistance to one out of every four children applying for AFDC.

Analysis: This penalizes children who are unable to establish paternity even when their mothers fully cooperate with efforts to do so. The current child support enforcement system is overwhelmed, and often fails to establish paternity even when mothers provide all necessary information. In Georgia, a group of welfare mothers sued the state agency because they wanted to establish paternity and the child support agency was not giving them the help they needed to do so.

And in Maricopa County, Arizona, a 1992 study found that the mother provided the child support agency with the name of the father in 91 percent of the cases -- often also providing valuable information such as the father's Social Security number or address, which should have enabled the agency to locate the father and establish paternity.
Yet out of 353 cases in which the mother named the father, the agency established paternity in only ***ten*** cases. In contested cases, it took the agency 16.2 months on average to establish paternity. Children should not be penalized when failure to establish paternity is the fault of an overloaded child support system.

JOBS Program and Work Requirements

- **Contract Proposal:** Most of the rules for the Job Opportunities and Basic Skills (JOBS) program would be repealed so that states would not be required to provide any basic education services, occupational training, job search assistance, or English language classes.

  Analysis: Eliminating requirements to provide education and training will decrease the likelihood that recipients get the skills they need to move from welfare to work. Recipients with the highest skills are the *most* likely to leave welfare for work and the *least* likely to return to the welfare system. According to research by LaDonna Pavetti with the Urban Institute, recipients who have completed high school or who have a better than average command of basic skills are most likely to leave welfare for work and not return. Presently, approximately half of all welfare recipients have not completed high school.

- **Contract Proposal:** States would be required to establish a workfare program where all recipients would be required to work 35 hours a week in exchange for benefits. The program would be phased in, with approximately 100,000 parents required to participate in the work program in 1996, some 900,000 in the year 2000, and 1.5 million in 2001. No recipient would be exempt from the work requirement, even parents who are ill, incapacitated, or living in a remote area without a workfare program.

  Analysis: Most recipients would work at a rate for below the minimum wage. In the median state, for example, a parent would work 35 hours per week for a grant of $366 per month, thus "earning" about $2.43 per hour. These work requirements would be imposed despite extensive research evidence suggesting that such programs do not significantly improve the employment prospects of AFDC parents. States have never sought to implement this kind of work program to any significant extent, because they are expensive ($6,000 per slot for administration and child care) and do not pay off. There have never been more than 20,000 participants nationwide.

Budget Provisions

- **Contract Proposal:** Almost all *legal* immigrants would be made ineligible for benefits under the vast majority of federal programs.

  Analysis: This provision would mean that people who are in this country *legally* would be ineligible for food assistance (including food aid for poor pregnant women and infants), child immunizations, child care help, screening for lead poisoning and various preventive health programs. Many legal immigrants now receiving benefits of some kind are elderly or have disabilities; many have worked and paid taxes in the United States for years. Studies also show that legal immigrants are actually less likely than citizens with the same socioeconomic characteristics to rely upon AFDC for basic income support.[5]

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[5]Only refugees who had been in the United States for no more than six years and immigrants over age 75 who had been in the country legally for at least five years would be exempt from the ban. Legal immigrants would continue to be eligible for emergency Medicaid services. Eliminating these benefits for legal immigrants would cut about $22 billion over five years.

- **Contract Proposal:** All federal food assistance programs would be converted into a block grant and their total funding would be cut dramatically.

  Analysis: Since food programs such as food stamps, WIC and the school lunch program would be merged into a block grant that lacked entitlement status, funding for more of these programs would increase automatically during recessions. During those periods, the amount of food assistance available per poor person would instead be further reduced. To fit within the ceiling established for the block grant program, funding for food stamp-type assistance would have to be set about $4 billion a year below the levels that would be provided for food stamps under current law. All nutrition programs would be cut by $18 billion over four years. Under these circumstances, children denied AFDC because they were born to young unmarried mothers might not receive nutrition aid either. The evidence is substantial, however, that reduced nutritional intake harms children: these children are more likely to experience stunted growth (linked to lower academic test scores), iron deficiency (linked to anemia and deficits in problem-solving and motor coordination), low birth weight, and birth defects.

CDF wishes to thank the Center on Budget and Policy Priorities for providing some of the information in this analysis of the Republican welfare plan.

For more information contact David Kass or Deborah Weinstein, (202) 628-8787.

Chart Comparing

Major Welfare Bills

(GOP "Contract," Matsui*, Clinton*, and GOP H.R. 3500*)

*Introduced in the 103rd Congress.

Summary

QUESTION	GOP CONTRACT	MATSUI	CLINTON	GOP H.R.3500
States required to provide more education and training?	No	Yes	Yes	No
States can eliminate AFDC even for parents willing to work but unable to find a job?	Yes[1]	No	No	Yes
Children could lose all AFDC if parents do not comply with all welfare rules?	Yes	No	Yes	Yes
States given more flexibility to increase the income AFDC parents keep when they work?	No	Yes	Yes	Yes
Parents given opportunities to work even when jobs are not available by creating appropriate jobs in the public and private non-profit sectors.	Workfare slots typically at half minimum wage	Real jobs at or above minimum wage	Workfare-type slots at minimum wage	Workfare slots Typically at half minimum wage
Federal funding for child care for poor working families?	Less	More	More	Same
Child care guarantee retained for AFDC parents for training and work?	No	Yes	Yes	Appears to be retained
Reforms in state child support systems required?	Very minor	Major	Major	Minor
Child support assurance demonstrations?	No	Yes	Yes	No
Case management for teen parents?	No	Yes	Yes	No
AFDC denied for children of unmarried teens?	Forever[2]	No	No	Yes
States allowed to use funds to build orphanages?	Yes	No	No	No
Discriminatory AFDC restrictions on two-parent families?	Increased	Reduced	Reduced	Increased
AFDC denied when children's paternity not established?	Yes[3]	No	No	Yes
Additional AFDC denied for children born to mothers on AFDC?	Required	No	State option	Required
Entitlement programs preserved and sufficient funding retained?	No	Yes	Yes	No

1. In the GOP Contract, states would be allowed to eliminate all income support after two years (and required to do so after five years) even if the parent is willing to work but unable to find an unsubsidized job. In the GOP H.R.3500, states could, but it would not be required to do so after three years.

2. In the GOP Contract, all AFDC and housing assistance would be permanently eliminated for families where the children were born after the bill's passage to unmarried mothers young than 18 (and up to 21 at state option). In the GOP H.R.3500, AFDC would be denied to families when the parent is under 19 and unmarried (unless the state passes a law exempting itself).

3. In both GOP bills, AFDC would be denied to children even when the mother fully cooperates with the child support agency (in the GOP Contract, the ineligibility would apply to all new applicants). In H.R. 3500, however, the state could exempt itself from this entire paternity provision.

COMPARISON OF MAJOR WELFARE BILLS

QUESTION	GOP CONTRACT	MATSUI	CLINTON	GOP H.R. 3500
Will it make children more or less poor? Will it increase or decrease the likelihood that children grow up healthy, educated, and prepared to become productive workers?	Requirements that states provide education and training would be weakened and funding reduced. States would be allowed to eliminate all basic income support to children and their families after two years (and required to do so after five years) even if the parent is willing to work but unable to find an unsubsidized job. Additionally, some children whose parents do not comply with all welfare rules would lose all basic income support. States would not be given more flexibility to increase the amount of income parents keep when they do find work.	States would be given additional resources for education, training, and job creation and would be expected to increase dramatically the number of parents entering and succeeding in the workforce. In the interim, basic income support for children would continue and parents who do not comply with all welfare rules would be sanctioned but their children would not lose all basic-income support. States would be required to increase the amount of income parents keep when they find do work.	States would be given additional resources for education and training and would be expected to increase dramatically the number of parents entering and succeeding in the workforce. In the interim, basic income support for children would continue when jobs are not otherwise available, although some children whose parents do not comply with all welfare rules would lose all basic income support. States would be allowed to increase the amount of income parents keep when they do find work.	Requirements that states provide education and training would be weakened and funding reduced. States would be allowed to eliminate all basic income support to children and their families after three years even if they are willing to work but unable to find an unsubsidized job. Additionally, some children whose parents do not comply with all welfare rules would lose all basic income support. States would be allowed to increase the amount of income parents keep when they do find work.
Will it enable parents to work even when employment opportunities are not otherwise available by creating appropriate jobs in the public and private non-profit sectors?	Nearly all parents (including those caring for an infant or a disabled child) would be required to work 35 hours per week in exchange for their benefits. In the median or typical state, the effective "wage" for this work would equal $2.42 per hour, slightly more than half the federal minimum wage.	States would be able to use federal JOBS funds to create appropriate jobs in the public and private non-profit sectors for parents who are unable to secure unsubsidized employment. Workers would be paid wages at or above the minimum wage and end up better off financially as a result of their work effort.	After two years of receiving AFDC, most parents (with limited exemptions for personal or family circumstances) would be required to work 15-35 hours/week in public sector work assignments provided by states. In all states except those with the lowest benefits, parents would be able to work only enough hours at the minimum wage to earn income equivalent to their prior AFDC benefits.	After a maximum of two years in a "transition component," most parents (with limited exemptions for personal or family circumstances) would be required to work 35 hours per week in exchange for their benefits. In the median or typical state, the effective "wage" for this work would equal $2.42 per hour, slightly more than half the federal minimum wage.

GOP CONTRACT is the "Personal Responsibility Act" contained in the "Contract with America" (H.R.4) **MATSUI** is the "Family Self-Sufficiency Act" (HR 4767) introduced by Rep. Robert Matsui; **CLINTON** is the "Work an Responsibility Act" (HR 4605 and S 2224), and **GOP H.R. 3500** is the "Responsibility and Empowerment Support Program Providing Employment, Child Care, and Training Act" (HR 3500).

QUESTION	GOP CONTRACT	MATSUI	CLINTON	GOP H.R. 3500
Will it allow parents to balance their work and family responsibilities by providing quality child care when needed?	Federal funding for child care for the working poor would be threatened by broader spending cuts. The current guarantee of child care for parents who receive training or leave welfare for work would be eliminated. No additional funds would be provided to improve the quality or increase the supply of child care.	Federal funding for child care for the working poor would be increased by $5 billion over five years. The federal match rate for child care for AFDC families also would be increased and the current guarantee of child care for parents who receive training or leave welfare for work would be retained. Funds would be earmarked to improve the quality and increase the supply of child care.	Federal funding for child care for the working poor would be increased by $1.5 billion over five years. The federal match rate for child care for AFDC families also would be increased and the current guarantee of child care for parents who receive training or leave welfare for work would be retained. Funds would be earmarked to improve the quality and increase the supply of affordable child care.	No additional federal funding for child care for the working poor would be provided and the federal match rate for child care for AFDC families would remain unchanged. The current guarantee of child care for parents who receive training or leave welfare for work apparently would be retained. No additional funds would be provided to improve the quality or increase the supply of affordable child care.
Will it ensure parental responsibility by improving child support enforcement?	Virtually no changes in state child support systems would be required. AFDC benefits would be permanently denied to all children applying for AFDC for whom paternity is not established even when the custodial parent fully cooperates. No demonstration projects would be authorized to test assuring minimum monthly child support benefits for eligible children.	The child support system would be dramatically improved by: requiring states to implement a more centralized system and adopt successful paternity and enforcement practices; and increasing resources for states. Parents would be required to seek to establish paternity and pursue child support but AFDC eligibility would continue if parents cooperate. Six state demonstration projects would be authorized to test assuring minimum monthly child support benefits for eligible children.	The child support system would be dramatically improved by: requiring states to streamline services through a more centralized system; requiring states to adopt successful paternity and enforcement practices; and increasing resources for states to provide services. Three state demonstration projects would be authorized to test assuring minimum monthly child support benefits for eligible children.	Few changes in state child support systems would be required. AFDC would be denied to children (with few exceptions) when paternity is not established even when the custodial parent fully cooperates with the state child support agency. No demonstration projects would be authorized to test assuring minimum monthly child support benefits for eligible children.

QUESTION	GOP CONTRACT	MATSUI	CLINTON	GOP H.R. 3500
Will it help vulnerable families stay together and care for their own children or will it strain family bonds and increase the likelihood of children being removed from their families?	States would not be required to provide additional case management services to teens. All AFDC and housing assistance would be *permanently* eliminated for children born after the bill's passage to unmarried mothers younger than 18 (and up to 21 at state option). States would be allowed to use the "savings" from this proposal to build orphanages for affected children. States also would be allowed to place further restrictions on the AFDC program for two-parent families.	Teen parents receiving AFDC would be required to participate in education and employment activities and case management and preventive services would be provided. No steps would be taken to deny income support to teens or create orphanages. Discriminatory restrictions in the AFDC program for two-parent families would be eliminated.	States would be required to apply work requirements first to young parents (those born after 1971) and case management services would be provided. No steps would be taken to deny income support to teens or create orphanages. Many discriminatory restrictions in the AFDC program for two-parent families would be eliminated.	States would not be required to provide additional case management services to teens. AFDC would be denied to families when the parent is under 19 and unmarried (unless the state passes a law exempting itself). No steps would be taken to create orphanages. States would be allowed to place further restrictions on the AFDC program for two-parent families.
Is it fair to women as well as men and children as well as adults?	Children applying for AFDC would be *permanently* denied assistance when paternity is not established even when the mother fully cooperates with the state child support agency. States would be required to impose a child exclusion provision.[1] Parents who "play by the rules" and are willing to work would not be protected from losing all income support when jobs are not otherwise available.	If paternity is not established but the custodial parent cooperates with the child support agency, the bill would continue AFDC eligibility. States would not be allowed to impose a child exclusion provision. Parents who "play by the rules" and are willing to work would be protected from losing all income support when jobs are not otherwise available.	If paternity is not established but the custodial parent cooperates with the child support agency, the bill would continue AFDC eligibility. States would be allowed to impose a child exclusion provision. Parents who "play by the rules" and are willing to work would be protected from losing all income support when jobs are not otherwise available.	Children would be denied AFDC when paternity is not established even when the mother fully cooperates with the state child support agency (unless the state exempts itself from this provision). States would be allowed to impose a child exclusion provision. Parents who "play by the rules" and are willing to work would not be protected from losing all income support when jobs are not otherwise available.

QUESTION	GOP CONTRACT	MATSUI	CLINTON	GOP H.R. 3500
Will it decrease, maintain, or increase a fair balance in government welfare for the rich and poor? Will it help the many who have little or the few who have much?	Investments in programs to help poor families move from welfare to work would be reduced. The entitlement status of many programs providing a safety net for poor families would be eliminated (so that during economic downturns there would no longer necessarily be enough funding to provide assistance to eligible needy children and families). Total spending for SSI, AFDC, child support enforcement, child care for the working poor who are at risk of going onto AFDC, and low-income housing programs would be capped and reduced. All federal food assistance programs would be placed in a block grant at reduced funding levels, and food, housing, and income programs for the poor would be cut by a total of $57 billion over four years.	Investments in programs to help poor families move from welfare to work would be increased and important entitlements programs that provide a safety net for poor families would be preserved. Financing mechanisms are not specified.	Investments in programs to help poor families move from welfare to work would be increased. Some entitlement programs that provide a safety net for poor families also would be reduced to finance reforms: legal immigrants' eligibility for SSI would be limited and the Emergency Assistance (EA) program used to prevent homelessness and foster care placements would be capped.	Investments in programs to help poor families move from welfare to work would be reduced. Entitlement programs that provide a safety net for poor families also would be slashed: almost all *legal* immigrants would be eliminated from federal assistance such as school lunch programs, lead paint screening, and immunization services (*illegal* immigrants currently receive almost no federal assistance); nutrition programs would be cut; and funding for six federal programs that assist poor families would be capped (AFDC, SSI, Public Housing, Section 8 Housing, Food Stamps, and the Earned Income Credit).

[1] A Child exclusion or "family cap" provision means that a mother who conceives a child while receiving AFDC would receive no additional payment to meet the costs of rasing the child.

For more information contact David Kass or Deborah Weinstein at (202)628-8787.

Analysis of Differences

Between

GOP H.R. 4* and GOP H.R. 3500*

*Introduced in the 103rd Congress.

Children's Defense Fund

Comparison of Republican Welfare Bills (H.R.3500 and H.R.4)

Issue	**H.R. 3500** is the "Responsibility and Empowerment Support Program Providing Employment, Child Care, and Training Act" introduced in the 103rd Congress and endorsed by the House Republican Conference.	**H.R. 4** is the "Personal Responsibility Act" contained in the "Contract with America," introduced in the 104th Congress on January 4, 1995.
1. Work Requirements	Most families would first enter a "transition component" for up to two years where states could provide education and training in a JOBS-type program.[1]	Most recipients would be required to work right away at a workfare slot for 35 hours per week without a "transition component" that included education and training. Even parents caring for disabled children or infants would not be deferred from the full-time work requirement (see "Deferrals").
2. Absolute Time Limits	States could continue AFDC or a work slot for families beyond the five year cutoff (which includes a maximum of two years in the "transition program" and three years in the work program). If a state did choose to terminate the family from AFDC and the work program, the state would have to continue to provide Medicaid.	States could cut off all AFDC benefits after two years of AFDC receipt if the parent had participated in a work program for at least one year. States would be required to eliminate permanently all families from AFDC and the work program after five years.

[1]The only service the state would be required to provide is job search; the state could provide but would not be required to provide any education and training during the transition component (and would be prohibited from providing this service during the work component). Furthermore, the state could choose to shorten or not allow any transition component.

Issue	GOP H.R.3500	GOP "Contract"/H.R. 4
5. Child Exclusion ("Family Cap")[3]	States would be allowed to pass a law to exempt themselves from the provision.	States would be *required* to impose this provision.
6. Teens	Allows states to exempt themselves from a requirement to deny AFDC payments for a minor parent until she reaches the age of 18.	States would be required to **permanently** deny AFDC and housing to poor families where the children were born after the bill's passage to an unmarried mother younger than 18 (and up to 21 at state option). States could use the resulting savings from this proposal to build orphanages for affected children.
7. Sanctions[4]	The first and second failure to comply with all welfare rules would result in a 25 percent reduction in AFDC and food stamps until the parent complies. The third instance would result in the family being permanently ineligible for AFDC.	The state would be allowed to permanently eliminate families from AFDC the <u>first</u> time the state believes the family does not "satisfactorily participate" in any required activity.
8. Income Supports	Allows states to increase the partial benefits that states are required to AFDC families who work and have very low earnings (the "earnings disregards") up to the first $200 and 50 percent of the remainder of earned income each month.	States would not be allowed the flexibility to increase the earnings disregards.[5]
9. Child Care	Retains the current guarantee of child care for parents who receive training or leave welfare for work.	The current guarantee of child care for parents who receive training or leave welfare for work would be eliminated.

[3]Child exclusion means that if a mother has a baby while receiving AFDC, she would receive no additional payment to meet the costs of raising the child.

[4]Current law is that failure to participate in JOBS activities currently results in the parent being removed from the grant.

[5]This means that states would only be permitted to let AFDC families who work keep the first $30 plus one-third of the remainder of their earnings for the first four months and just $30 for the next eight months.

Issue	GOP H.R.3500	GOP "Contract"/H.R. 4
10. Child Support Enforcement	Requires a limited number of employees to report child support obligations on W-4 forms. Requires states to establish child support order registries for limited purposes. Expands the Federal Parent Locator Service (FPLS). Establishes Interstate Locate Network linking the FPLS to state child support databases but does not require that information be computerized or uniform. Requires a uniform withholding order.	There are very few child support enforcement provisions in the Contract's Personal Responsibility Act. In the Contract's Family Reinforcement Act, there is only one provision and it was already passed into law (requiring states to give "full faith and credit" to child support orders from other states).
11. Paternity Establishment	The state could exempt itself from the requirement to deny cash aid for a child whose paternity was not established.	Nearly all children applying for AFDC who have not had their paternity established would be **permanently** ineligible even when the mother fully cooperates with the state child support agency. This provision would deny assistance to one out of four children applying for AFDC.

The Costs of Child Poverty:

Key Findings from

Wasting America's Future*

*To secure a copy, please contact CDF's Office of Government Affairs at (202) 662-3591.

Key Findings from
Wasting America's Future:
The Children's Defense Fund Report on the Costs of Child Poverty

(Beacon Press, November 1994)

Children's Defense Fund

About 15 million children in the U.S. live in poverty, the highest number in almost three decades. ***Wasting America's Future*** -- a new book overseen by a distinguished advisory panel chaired by Nobel Prize-winning economist Robert M. Solow -- finds that child poverty is an enormous drain on the U.S. economy, with every taxpayer, business, school and hospital sharing the cost. The book estimates that:

- Every year of child poverty at current levels will end up costing the economy between $36 billion and $177 billion in lower future productivity and employment among poor children.

- These costs to the economy do not include the billions of additional dollars that will be spent on special education, crime, foster care, or teenage childbearing resulting from child poverty.

The human costs also are devastatingly high. According to state health officials in Kansas, low-income children there are:

2 times more likely than others to die from birth defects,
3 times more likely to die from all causes combined,
4 times more likely to die from fires,
5 times more likely to die from infectious diseases and parasites, and
6 times more likely to die from other diseases.

Poor children also have been found to be two or more times as likely to suffer from other health problems including stunted growth, severe physical or mental disabilities, fatal accidental injuries, fair or poor health, iron deficiency, and severe asthma.

Wasting America's Future combines existing research across academic disciplines, and adds newly commissioned academic findings, to show that poverty's effects are large and far-reaching. Moreover, the effects are not simply due to poor families' attributes -- such as race or low parent education -- but appear to be caused by the lack of adequate income itself.

- The U.S. Department of Education reports that the risk of a student falling behind in school increases by two percentage points for every year he or she spends growing up in poverty. Poverty's effects are separate from -- and stronger than -- those of race, region, having a teen parent, or living in a one-parent home, according to the Education Department study.

- The effects of economic hardship on children cannot be attributed simply to intractable problems of their parents, such as deep-seated cultural or genetic traits or "character flaws." Such unchanging traits by definition cannot explain why problems such as child abuse, family break-up, and infant mortality tend to worsen or improve when economic conditions worsen or improve.

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- Single-parent families, race, and parent education levels cannot explain why children who experience poverty are two to three times more likely than their peers who are never poor to become high school dropouts. This pattern is found among Black children and non-Black children, among those with married parents and those with single parents, and among those whose mothers finished high school and those whose mothers did not.

- Poverty has powerful negative effects on child test scores, regardless of mothers' own basic skill scores, race, marital status, years of education, age at birth, and smoking or drinking habits.

Wasting America's Future explores *how* poverty triggers bad outcomes for on children. Poverty appears to hurt children in countless ways, including:

- *stress on parents*, which can lead to less effective parenting, marital conflict or break-up, and ultimately to child behavior problems, aggressiveness, learning problems, and delinquency;

- *poor nutrition*, which can cause stunted growth (linked to lower academic test scores), iron deficiency (linked to anemia and deficits in problem-solving, attention span, motor coordination, and IQ), low birthweight, and birth defects;

- *housing problems* such as homelessness (linked to infant mortality, chronic diarrhea, asthma, delayed immunizations, family separation, and missed school), frequent moving (linked to not completing high school), and utility shut-offs (implicated in home fire deaths);

- *worse neighborhoods* with inferior schools, exposure to crime, and exposure to toxic chemicals and pollution; and

- *fewer resources for learning outside of school* such as inferior child care (linked to child stress and behavior problems), fewer extracurricular activities and stimulating family activities (linked to lower school achievement), more onerous home and work responsibilities (linked to lower school enrollment and attainment), and financial barriers to college.

Wasting America's Future documents how endless large and small problems accumulate and interact to leave poor children less resilient, more vulnerable, and at elevated risk across the board. The number and complexity of "pathways" leading from poverty to bad outcomes suggest that better services for poor children are necessary but not sufficient. Without a direct strategy to ensure adequate jobs and income -- stopping the problem at the root -- we are unlikely to remedy the complex effects of poverty on children or reduce the extraordinary costs that poverty now imposes on American society.

Child poverty is not inevitable. As Children's Defense Fund president Marian Wright Edelman notes in her *Introduction*, other countries of comparable wealth have far lower rates of child poverty. The United States can follow a similar path by reducing family poverty through direct job creation, tax credits for low wage workers, affordable child care, increases in the minimum wage, and a national system of child support enforcement and assurance.

Wasting America's Future suggests that Americans should no longer fear the expense of eliminating child poverty. As Professor Solow notes in his *Foreword*, "Inaction has its costs, too." In fact, writes Solow, "This book is cause for optimism....The evidence in this volume indicates that ending child poverty is, at the very least, highly affordable. More likely it is a gain to the economy, and to the businesses, taxpayers, and citizens within it."

CDF's Long-Term Vision

for

Welfare Reform

Children's Defense Fund

REFORMING WELFARE AND ENDING CHILD POVERTY

The following statement represents the Children's Defense Fund's long-term vision for welfare reform:

The Children's Defense Fund (CDF) has great hopes that efforts to reform our welfare system will bring the nation a step closer to ending child poverty in America. We can do enormous good for poor children, families and the nation through welfare reform. To realize this potential, however, we must begin to tackle the root causes of child and family poverty in America and do our utmost to see that the resources committed to welfare reform are commensurate with the plan's scope and scale.

The opportunities before us are unmistakable. Elements of the current welfare system that discourage work and marriage can be changed to reward work effort and strengthen families. Messages of parental responsibility can be strengthened. Barriers to secure employment at family-sustaining wages – ranging from inadequate child care, education and training services to chronic job shortages in many communities – can be substantially reduced, if not overcome.

This effort to reform our nation's welfare system should reflect our most basic values: the importance of work; the responsibility of parents to care and provide for their children; the nurturing of hope for a better life among children and parents alike; and compassion and a helping hand to those who face personal crises or insurmountable barriers to employment. These values must provide the basis for a new social contract between government and low-income parents, whose central premise should be that every parent, if given the opportunity, has the ability to contribute to the care, nurturing and support of children. But for welfare reform to succeed, government also must do its share. Reinvigorated federal leadership and increased investments in a number of key areas are crucial to support the work efforts of parents receiving AFDC and to fulfill the promise of the President's bold welfare reform pledge:

Employment opportunities - We cannot achieve the fundamental goal of "ending welfare as we know it" without creating paid work opportunities for parents on AFDC when jobs are not otherwise available. Those who are ready and able to work should have access to full-time jobs with family-supporting wages. Tens of thousands of important jobs can be created through full funding of Head Start, expansion of child care programs, and full utilization of the summer food program alone.

Child care - Even under the current system, AFDC child care programs are under enormous strain. An infusion of new child care funds is essential if parents receiving AFDC are to increase their participation in education, training and work activities and if low-income working families teetering on the brink of the welfare system are to continue their quest for economic self-sufficiency.

Education and training - Americans have great faith in the power of education and training to usher in a new era of "high skills, high wage" employment for the vast majority of us; improved skills surely play a similar role in enabling poor parents to secure stable decent-paying jobs. Our next wave of welfare reform should build upon the foundation that the Family Support Act's JOBS program provides rather than moving prematurely and counterproductively to dismantle it.

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Job retention - For a few parents receiving AFDC, work motivation is an issue, but for most the biggest problem is job retention. Recent studies show that half of all welfare spells now end because parents do find jobs, but many families return to AFDC when work or child care arrangements fall apart. In addition, we need to take steps to ensure that parents who leave AFDC for work get child care assistance beyond the 12 months currently available and have access to other follow-up services they need to succeed.

Health coverage - Lack of affordable health insurance in low-wage employment is a major barrier for recipients who are trying to leave welfare for work. For welfare reform to succeed, families must be guaranteed health insurance that they cannot lose in the form of universal coverage with comprehensive benefits.

Child support - Every child deserves the support of two parents. More vigorous efforts to establish paternity and tougher child support enforcement should be central to any welfare reform plan, sending an unambiguous message that parents must be responsible for their children. We believe a dramatically improved national system of child support enforcement coupled with a universally available assured benefit would best meet children's needs. At a minimum, we hope that state demonstrations of child support assurance can be structured to build quickly upon successful models and enable states meeting established criteria to join the program in future years.

Family integrity - The welfare system ought to discourage out-of-wedlock births and teen births and encourage marriage and family stability. Steps in that direction must include better child support enforcement, assistance to two parent families, changing rules that create disincentives to remarry, renewed efforts to prevent teen pregnancy, and intensive services to teen parents to get them into school and the workforce and reduce the number of repeat pregnancies.

Work incentives - Our welfare system must encourage and promote work. We must reduce the extraordinarily high rate at which recipients lose benefits when they work – up to a loss of a dollar in benefits for each dollar earned so parents on AFDC have the same financial incentives to work that other Americans enjoy. A long overdue increase in the minimum wage also is important to help "make work pay."

Serious initiatives in the areas outlined above require substantial new investments by the federal government despite difficult budget constraints. CDF is deeply concerned about negative consequences for children on AFDC that likely would result from a dramatic mismatch of small welfare reform investments with reform plans of sweeping scope and scale. It would be an even greater disservice to use the rhetoric of self-sufficiency as a Trojan horse of punishment by driving parents off welfare rolls when no jobs are available.

No one gains when welfare is a way of life. But the need for a basic safety net to protect children from severe deprivation will not disappear until we address the underlying causes of child poverty in America. If we set realistic goals that are consistent with the resources at hand, this welfare reform effort can succeed. If we merely impose a rigid new set of requirements on families receiving AFDC without providing more effective assistance to overcome their barriers to employment, we only will add to the plight of our nation's poorest and most vulnerable children.

January, 1995

List of Relevant CDF Publications

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A Black Community Crusade and Covenant for Protecting Children

Child Care and Development: Key Facts 1994

Child Care Tradeoffs: States Make Painful Choices

Enforcing Child Support: Are States Doing the Job?

Falling by the Wayside: Children in Rural America

Helping Children by Strengthening Families

Promoting Access to Quality Child Care: Critical Steps in Conducting Market Rate Surveys

The State of America's Children Yearbook 1994 (1995 available March 1995)

Wasting America's Future: The Costs of Child Poverty